

Decision No. 43113

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application  
of RANDSBURG WATER COMPANY for an  
order authorizing increase of  
rates for water service, and for  
interim order authorizing immediate  
increase of rates for water service.

Application No. 29502

ORIGINAL

Thomas J. Kelly, for applicant;  
James B. Mosser, Jr., for himself.

OPINION ON REOPENED PROCEEDING

Randsburg Water Company, a corporation, is engaged in distributing and selling water for domestic, commercial, and industrial purposes in and in the vicinity of the unincorporated towns of Randsburg and Johannesburg, Kern County, and Red Mountain and Atolia, San Bernardino County. The Commission, by its Decision No. 42010 issued August 21, 1946, established for the company a schedule of temporary emergency rates providing for the purchase, sale and distribution of water produced and conveyed from the so-called Judge Well, located approximately four miles southwesterly from the town of Randsburg, and some 1,200 feet lower in elevation. These rates were made effective for a limited trial period in order to determine by actual experience the yield and cost of service. The period was extended to provide more time to complete the partial installation and repair of the transmission main from said well, and to permit the delivery of water from the so-called Alspach Well, located in the immediate vicinity of the Judge Well.

After the water from the Alspach Well had been delivered for a period of over four months and the emergency rates had been charged

during that period, the Commission received a request from a group of customers using large quantities of water, asking that these rates be reduced on the ground that they were producing excessive charges for the service rendered. Thereupon the Commission, by its Decision No. 42814 issued April 25, 1949, ordered the above-entitled proceeding reopened for further hearing for the purpose of determining whether the temporary emergency rates established in Decision No. 42010 should be continued in effect, terminated, or new and revised rates established. In the same order, the temporary emergency rates were ordered continued in effect until decision in the reopened proceeding.

A public hearing in the reopened proceeding was held before Examiner Stava at Randsburg.

The records show that the principal objectors to the emergency rates were customers owning and operating cafes in Red Mountain, and one owner of a hotel property in Johannesburg. These customers use large quantities of water on their premises and claim that although they have experienced a material falling off of business, the charges for water under the emergency rates approximate the 1948 billing at the rates formerly in effect. They asked that a reduced rate be established. A similar plea was made in behalf of the domestic customers. These witnesses contended that the severe freezing of the unusual cold winter is over and that operation now is under normal conditions. Other witnesses felt that the company is unduly increasing expenses at this time by making repairs and replacements brought about by deferred maintenance and that these expenses should be spread over a longer period. However, all witnesses admitted that service conditions have been improved materially under the new management and that the quality of water being delivered is entirely satisfactory.

Witnesses representing mining interests asked for cheaper water for mining purposes in order to develop their properties. These

witnesses testified that the towns depend on the mines for their existence and that cheaper water would permit operation of quartz mills and tailing dumps and also aid in the exploration and operation of some of the lower grade ore bodies in the existing mines, resulting in the employment of more men from the communities and increasing revenue through greater use of water.

Mr. James Alspach, President and General Manager, testified that he has had charge of operating the system since the first of the year and during that period he has been engaged in installing new pipe lines, largely replacing older and smaller-sized mains, installing fire hydrants, making repairs to broken pipe lines during freezing winter weather, constructing and operating the transmission line from Alspach Well to Randsburg. He stated that the extreme periods of cold and the prolonged winter had caused freezing and breaking of pipe lines both distribution and transmission lines, making it necessary at times to deliver water to customers by tank wagon, that this condition had resulted in abnormally increasing the cost of operation, and also had reduced the sales of water. He asked that the emergency rates be continued in effect for a sufficient period to permit a test of the results of operation under normal conditions. Mr. Alspach submitted operating revenues and total expenditures made on the system for the four-month period January to April, inclusive. The expenditures, however, included capital charges and could not be segregated readily from the maintenance and operation expenses.

The record indicates that sufficient information was not developed at the hearing to justify a reduction in the emergency rates at this time. It does show, however, that an analysis of the cost of operation should be made by the Commission's staff in the immediate future in order that the customers and the Commission may be fully informed concerning the results of operating the system under the new

conditions of water supply and for a proper determination of the necessity of revision of the existing emergency rate structure.

Under the circumstances, the emergency rates will be continued in effect until the Commission's staff completes an investigation of the company's records within 90 days, after which a further hearing will be had in the matter.

ORDER ON REOPENED PROCEEDING

The Commission having reopened the above-entitled matter for further hearing, which was duly held, the matter having been submitted and the Commission being fully advised in the premises,

IT IS HEREBY ORDERED that the temporary emergency rates established by the Commission in its Decision No. 42010 issued August 21, 1948, shall continue in effect until such time as the Commission by further order shall terminate, modify, or otherwise revise said schedule of emergency rates.

IT IS HEREBY FURTHER ORDERED that in all other respects said Decision No. 42010 shall remain in full force and effect.

The Secretary is directed to place this matter on the calendar for a further hearing and to notify all parties of the time and place of such further hearing.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 12<sup>th</sup> day of

July, 1949.

R. F. Johnston  
Justus J. Cooney  
Walter H. Smith  
Harriet H. Hill  
Therese H. Potter  
Commissioners.